

GOVERNOR GRAY DAVIS

September 10, 2003

The Honorable Joe Baca
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Baca:

As we approach the expiration of the Transportation Equity Act of the 21st Century (TEA-21) on September 30, 2003, I write to underscore the importance of timely action in passing a long-term reauthorization plan or short-term extension to ensure the uninterrupted flow of transportation funds to California.

Of immediate concern to the State is the potential shutdown of the federal-aid highway program after October 1. The absence of carryover contract authority in TEA-21 specifically prohibits the U.S. Department of Transportation from making new program obligations as well as reimbursing states for eligible project expenses unless Congress takes definitive action before the end of this month.

Should a shutdown occur, California's economy and transportation system, as well as the 200,000 Californians working to improve that system, would be severely impacted. Caltrans would not be able to approve any new projects or incur new obligations. In addition, the state's inability to obtain federal reimbursement for work performed on California projects would translate into a shortfall of approximately \$265 million each month, which would exacerbate cash flow challenges in the State Highway Account, State General Fund, and local transportation accounts, threatening progress on projects currently underway.

Given this urgent situation, I ask that you work with your colleagues to pass long-term legislation or an interim measure that 1) prevents a lapse in funding between TEA-21 and its successor act, 2) continues the current program funding ratios between transit and highways, 3) supports the existing program structure of TEA-21, including the Congestion Mitigation and Air Quality (CMAQ) program and Transportation Enhancements (TE) program, and 4) covers a sufficient period of time to allow the State to develop and execute its long-range plans and programs.

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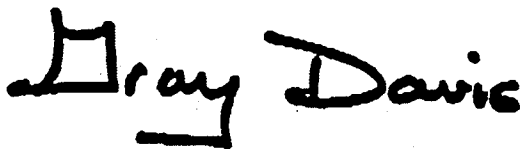
In addition, should Congress be unable to reach agreement on a long-term bill, I ask that a short-term extension be enacted that utilizes the balances in the Highway Trust Fund to meet the nation's transportation needs while providing a much-needed stimulus to the economy. I understand that sufficient resources exist to support a short-term extension of this nature while maintaining a prudent cash reserve in the Highway Trust Fund.

During my Administration, we have invested record amounts of state and local resources to address California's transportation challenges, including the \$5.3 billion Transportation Congestion Relief Plan and the voter-approved Proposition 42, which will provide \$1.1 billion in general funds annually to transportation beginning in 2008. Approximately \$10 billion worth of highway, transit and rail projects are currently underway throughout the State. As a result of our investments, we have created 250,000 jobs in California, generating over \$30 billion in economic activity which will help offset the negative impacts of the current national recession. However, despite these initiatives, California cannot tackle its growing transportation challenges without a renewed – and enhanced – commitment from the federal government.

In the days ahead, it is my strong hope that the California Delegation will work to ensure that California's ongoing mission of relieving congestion, improving mobility and moving goods in a safe and efficient manner will continue without interruption.

I thank you in advance for your assistance on this critical issue.

Sincerely,

A handwritten signature in black ink that reads "Gray Davis". The signature is written in a cursive, flowing style. The first name "Gray" is written with a large, stylized "G" that loops around the "r". The last name "Davis" is written in a more straightforward cursive script.

GRAY DAVIS